

HOUSE TRANSPORTATION COMMITTEE SUBSTITUTE FOR  
HOUSE BILL 108

46TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2003

AN ACT

RELATING TO MOTOR VEHICLES; ENACTING A NEW SECTION OF THE  
MANDATORY FINANCIAL RESPONSIBILITY ACT TO MANDATE COVERAGE FOR  
PERMISSIVE DRIVERS WITH THE EXPRESS OR IMPLIED PERMISSION OF  
THE OWNER OR NAMED INSURED, TO MANDATE COVERAGE FOR OPERATORS  
OF NON OWNED MOTOR VEHICLES AND TO MANDATE CERTAIN MOTOR  
VEHICLE LIABILITY POLICY COVERAGE PROVISIONS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. A new section of the Mandatory Financial  
Responsibility Act is enacted to read:

"[NEW MATERIAL] MOTOR VEHICLE INSURANCE POLICY--  
PROCEDURES. --

A. A motor vehicle insurance policy shall:

(1) designate by explicit description or by  
appropriate reference all motor vehicles to which coverage is

1 to be granted; and

2 (2) insure the person named in the policy and  
3 a person using any such motor vehicle with the express or  
4 implied permission of the named insured against loss from the  
5 liability imposed by law for damages arising out of the  
6 ownership, maintenance or use of the motor vehicle within a  
7 jurisdiction, subject to the requirement to provide evidence of  
8 financial responsibility pursuant to the Mandatory Financial  
9 Responsibility Act.

10 B. A motor vehicle insurance policy shall insure a  
11 person named as insured against loss from the liability imposed  
12 upon the person by law for damages arising out of the use, with  
13 the express or implied permission of the owner or person in  
14 lawful possession, of a motor vehicle that the insured person  
15 does not own. The policy shall insure the person within the  
16 same territorial limits and in compliance with the requirement  
17 of evidence of financial responsibility as set forth in the  
18 Mandatory Financial Responsibility Act with respect to a motor  
19 vehicle insurance policy. A motor vehicle liability policy in  
20 which the described vehicle is a private passenger car is not  
21 required to provide liability insurance coverage for a non-  
22 owned truck tractor designed to pull a trailer or semitrailer.

23 C. Permitted exceptions to coverage otherwise  
24 required by Subsections A and B of this section may include the  
25 following if excluded by the motor vehicle insurance policy:

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- 1 (1) an automobile business exclusion;
- 2 (2) a furnished for regular use exclusion;
- 3 (3) a vehicle rented for business use
- 4 exclusion if the exclusion is contained in the motor vehicle
- 5 insurance policy and is enforceable;
- 6 (4) an exclusion for any liability of the
- 7 United States government or its agencies when the provisions of
- 8 the Federal Tort Claims Act apply;
- 9 (5) an exclusion for liability of the insured
- 10 under any workers' compensation law;
- 11 (6) an exclusion for damages to property owned
- 12 by, rented to, in the charge of or transported by an insured;
- 13 provided, however, that this exclusion shall not apply to
- 14 damages to a residence or private garage rented by an insured;
- 15 and
- 16 (7) an exclusion to apply when a vehicle is
- 17 rented to others or used to carry persons for a charge;
- 18 provided, however, that this exclusion shall not apply to use
- 19 on a shared expense basis.

20 D. The motor vehicle insurance policy shall state  
21 the name and address of the insured, the coverage afforded by  
22 the policy, the premium charged, the policy period and the  
23 limits of liability. The policy shall also contain an  
24 agreement or endorsement that states that the insurance is:

- 25 (1) provided in accordance with the coverage

underscored material = new  
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1 defined in the Mandatory Financial Responsibility Act regarding  
2 bodily injury and death or property damage or both; and

3 (2) subject to all the provisions of that act.

4 E. Every motor vehicle insurance policy shall be  
5 subject to the following provisions, which may be contained in  
6 the policy:

7 (1) the policy may not be canceled or annulled  
8 as to the liability of the insurance carrier with respect to  
9 the insurance required by the Mandatory Financial  
10 Responsibility Act by an agreement between the insurance  
11 carrier and the insured after the occurrence of the injury or  
12 damage;

13 (2) the satisfaction by the insured of a  
14 judgment for injury or damage shall not be a condition  
15 precedent to the right or duty of the insurance carrier to pay  
16 on account of injury or damage;

17 (3) the insurance carrier has the right to  
18 settle a claim covered by the policy. If the settlement is  
19 made in good faith, the amount of the settlement is deductible  
20 from the limits of liability specified in the Mandatory  
21 Financial Responsibility Act; and

22 (4) the policy, the declarations page, the  
23 written application and a rider or an endorsement that does not  
24 conflict with the provisions of the Mandatory Financial  
25 Responsibility Act constitute the entire contract between the

1 parties.

2 F. A binder issued pending the issuance of a motor  
3 vehicle insurance policy is deemed to fulfill the requirements  
4 for the policy. "

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